

Message Text

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TAGS: MILI, EAIR, MARR, NATO, CA

SUBJ: LOCKHEED LRPA--PARLIAMENTARY QUESTIONS AND MEDIA

REF: OTTAWA 700

1. DEFENSE MINISTER RICHARDSON AND OTHER GOC SPOKESMEN HAVE BEEN UNDER INTENSE PRESSURE IN PAST SEVERAL DAYS FROM MEDIA AND FROM OPPOSITION IN PARLIAMENT TO CLARIFY GOC'S POSITION ON PURCHASE OF LOCKHEED ORION P3 LRPA. GIST OF THEIR RESPONSES TO QUESTIONS IS THAT GOC MUST REEAXMINE LOCKHEED PROPOSAL CAREFULLY BUT THAT GOC IS NOT CURRENTLY CONSIDERING ANY ALTERNATIVE PROPOSALS. SOMEWHAT AMBIGUOUS PUBLIC STATEMENT HAVE LED TO CONSIDERABLE SPECULATION, INTERPRETATION AND MISINTERPRETATION, AND COMMENTARY IN CANADIAN MEDIA.

2. DURING PAST WEEKEND RICHARDSON MADE SOME REMARKS IN VICTORIA WHICH INITIALLY WERE INTERPRETED BY MEDIA (ESPECIALLY RADIO AND TV) AS INDICATING ALL PROBLEMS WERE RESOLVED AND GOC WOULD GO AHEAD WITH PURCHASE. PLAYED UP WAS STATEMENT THAT DND WAS NOT TRYING TO "GET OUT" OF ARRANGEMENTS. THIS LED TO CLARIFYING DICTA (CARRIED IN MARCH 1 AND 2 PRESS) BY DND INFORMATION DIRECTOR THAT THIS DID NOT MEAN ALL PROBLEMS HAD BEEN SOLVED. LATTER RELEASED INFORMATION ABOUTH THE FRONT-END
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FINANCING QUESTION IN MANNER CONSISTENT WITH WHAT USG HAD BEEN TOLD.

3. ON MARCH 1, IN RESPONSE TO A PARLIAMENTARY QUESTION SUPPLY AND SERVICES MINISTER GOYER REPLIED THAT THE GOC AND LOCKHEED WERE TRYING TO FIND A SOLUTION TO THE FINANCIAL PROBLEM. HE NOTED THAT EVENTS ABROAD HAD MADE GOC SOMEWHAT MORE CAUTIOUS IN ITS NEGOTIATIONS WITH LOCKHEED IN VIEW OF FIRM'S LONG TERM FINANCIAL SITUATION. HE ADDED THE GOC WILL SHORTLY TAKE A DECISION "TO CLEAR THE SITUATION SINCE LOSKHEED HAS ALREADY BEGUN TO PLAN ITS PRODUCTION."

4. ON MARCH 4, RICHARDSON, REPLYING TO NUMEROUS QUESTIONS IN COMMONS, STATED INTER ALIA: "THERE HAS BEEN A DIFFICULTY ABOUT THE INTERIM PAYMENTS DURING THE PRODUCTION PERIOD AND THAT IS STILL BEING NEGOTIATED WITH LOCKHEED"; "I HAVE NOT STATED THAT THE CONTRACT IS GOING TO BE SIGNED; I HAVE STATED THE GOVERNMENT IN PRINCIPLE HAD MADE AN AGREEMENT TO PURCHASE THE AIRCRAFT AND THE DETAILS WERE TO BE NEGOTIATED"; "THERE HAS BEEN SOME CONTINUING EXPENDITURE....ON THIS PROGRAM AND I EXPECT IF THE CONTRACT IS NOT COMPLETED LOCKHEED WILL LOOK TO THE GOC FOR PAYMENT OF SOME PART OF THESE COSTS"; "UNTIL WE HAVE COMPLETED THE NEGOTIATION ON THE LOCKHEED CONTRACT ONE WAY OR THE OTHER WE ARE NOT ENTERAINING PROPOSALS FROM ANY OTHER SOURCE INCLUDING CANADAIR". FOLLOWING THESE EXCHANGES CANADIAN PRESS DISTRIBUTION ITEM SUGGESTING THAT GOC WAS IN DANGER OF SUIT FROM LOCKHEED IF IT BACKED OUT OF LRPA CONTRACT.

5. OTTAWA CITIZEN MARCH 2 EDITORIALY COMMENDED THE GOC FOR ITS CAUTION SINCE THERE MIGHT BE A QUESTION OF THE COMPANY HAVING "TO STOP MANUFACTURING THEM IN MID-FLIGHT". THIS COULD CAUSE GOC AT LATER STAGE TO HAVE TO FINANCE THE COMPANY EVEN MORE TO MAINTAIN THE JOBS OF CANADIAN AIRCRAFT WORKERS.

6. UNITED PRESS INTERNATIONAL QUOTED RICHARDSON ON MARCH 3 AS HAVING DISCUSSED WASHINGTON MEETING LAST MONTH AND SAYING GOC HAD ASKED USG "TO SUPPORT OR GUARANTEE THE FINAL OUTCOME, THE FINAL PRODUCT, REGARDLESS OF THE
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DIFFICULTIES LOCKHEED MIGHT GET INTO". ON SAME DATE SOUTHAM NEWS SERVICE SYNDICATED COLUMNIST CHARLES LYNCH PUBLISHED LENGTHY COLUMN SUGGESTING LOCKHEED SCNADALS CAOULD CONCEIVABLY HAVE THE EFFECT OF KNOCKING CANADA COMPLETLY OUT OF THE ANTI-SUBMARINE BUSINESS ALTOGETHER WITH CONSEQUENT BAD EFFECTS ON THE CANADIAN ROLE IN NATO ALTHOUGH LYNCH SUGGESTED THAT REBUILDING THE ARGUS FLEET MIGHT BE A PRACTICAL ALTERNATIVE.

7. COMMENT: END RESULT IS THAT GOC HAS SUCCEEDED

IN KEEPING ITS OPTIONS OPEN AS FAR AS ITS PUBLIC POSTURE
IN CANADA IS CONCERNED.

8. CLIPPINGS BEING POUCHED TO EUR/CAN.
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